Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Message Text

PAGE 01 CALGAR 00224 251647Z

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ACTION EUR-25

INFO OCT-01 ADP-00 EB-11 CIAE-00 INR-10 NSAE-00 RSC-01

SS-15 NSC-10 H-03 L-03 DOTE-00 PM-07 DODE-00 OMB-01

COME-00 CIEP-02 PA-03 PRS-01 USIA-15 TRSE-00 CEA-02

RSR-01 /111 W
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R 251339Z JUL 73
FM AMCONSUL CALGARY
TO SECSTATE WASHDC 754
INFO AMEMBASSY OTTAWA
AMCONSUL VANCOUVER
AMCONSUL WINNIPEG

UNCLAS CALGARY 0224

E.O. 11652: N/A
TAGS: PINT, EGEN, CA
SUBJECT: WESTERN ECONOMIC OPPORTUNITIES CONFERENCE, CALGARY - OPENING REMARKS AND TRANSPORTATION DEBATE.

REF : CALGARYS A-108, JULY 17, A-109, JULY 20; A-111 JULY 23; A-112, JULY 23, AND A-113, JULY 24.

1. SUMMARY: THE WESTERN ECONOMIC OPPORTUNITIES CONFERENCE CONCLUDED ITS FIRST DAY MEETINGS WITH GENERAL AGREEMENT THAT THE MAJOR POINT ON THE AGENDA OF THE THREE DAY CONFERENCE WAS THE TRANSPORTATION ISSUE, BUT WITH A DIVERSITY OF OPINION AS TO THE METHOD OF APPROACHING THE PROBLEM. WHILE GENERAL CLIMATE OF HARMONY PREVAILED AT THE OPENING SESSION, THERE WERE INDICATIONS THAT STRESSES WILL EMERGE, WITH WESTERN PROVINCES PUSHING FOR SPECIFIC CORRECTION OF SPECIFIC WESTERN DIFFICULTIES BEYOND LIMIT FEDERAL GOVERNMENT PROBABLY PREPARED TO MOVE AT THIS TIME. END SUMMARY

2. CONFERENCE WAS OPENED BY PRIME MINISTER TRUDEAU SERVING IN CHAIRMAN CAPACITY. HE EMPHASIZED CONFERENCE CALLED BY FEDERAL UNCLASSIFIED

PAGE 02 CALGAR 00224 251647Z

GOVERNMENT TO EXAMINE FRUSTRATIONS OF WEST AND WORK OUT SOLUT-IONS THAT WOULD FULLY RECOGNIZE NEW POSITION OF WESTERN PROVINCES IN CANADIAN AFFAIRS. HE SAID FEDERAL GOVERNMENT PREPARED TO WORK UNITEDLY WITH PROVINCES IN OBTAINING A

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

BROADER RANGE OF EMPLOYMENT POSSIBILITIES FOR WESTERNERS,
A WIDER BASE FOR THE WESTERN ECONOMY, A STRONGER VOICE FOR
THE WEST IN NATIONAL DECISION MAKING. HE STATED THAT HE
AND THE 12 FEDERAL MINISTERS ACCOMPANYING HIM TO CALGARY HAD
NOT COME IN "THE GUISE OF A ROYAL COMMISSION, AND THEY DID
NOT WISH TO FOLLOW A PROCESS OF ANALYSIS BY PARALYSIS",
BUT WERE PREPARED TO MEET THE WESTERN PREMIERS AND THEIR STAFFS
IN A FULL SPIRIT OF COOPERATION. HE WARNED, HOWEVER,
PROGRESS MUST BE NATION-WIDE, DECLARING THAT "A WESTERNER IS
NOT A MAN WHO STRENGTHENS HIS OWN HOUSE BY STEALING THE BRICKS
OF HIS NEIGHBORS".

3. LOUGHEED (ALBERTA) RESPONDED BY THANKING FEDERAL GOVERNMENT
FOR CALLING THE CONFERENCE. HE POINTED OUT THAT WEST DOES NOT
WANT SPECIAL PRIVILEGES BUT MERELY REMOVAL OF POLICIES THAT
PREVENT FULL DEVELOPMENT OF WESTERN CANADA. SCHREYER
(MANITOBA) EMPHASIZED THAT WESTERN DISCONTENT IS NOT OVER-
EXAGGERATED AND THAT FUNDAMENTAL CHANGES IN NATIONAL POLICIES
ARE NEEDED TO CORRECT EAST-WEST IMBALANCE. BLAKENEY
(SASKATCHEWAN) DECLARED WESTERN PREMIERS CAME TO CONFERENCE
DETERMINED TO "TURN OUR BACKS ON THE 19TH CENTURY NATIONAL
POLICIES THAT HAVE HAMPERED WESTERN DEVELOPMENT AND FORM NEW
POLICIES THAT WILL ALLOW THE FOUR PROVINCES TO MAKE A GREATER
CONTRIBUTION TO CANADIAN DEVELOPMENT". BARRETT (BRITISH
COLUMBIA) ALSO EMPHASIZED THE NECESSITY OF REVERSING THE PAST
DIRECTION OF EAST-WEST RELATIONS AND TO GET "NEW LEGISLATION,
NEW POLICIES, AND NEW ACTIONS THAT MORE EFFECIVELY REFLECT
THE TRUE NEEDS OF WESTERN CANADA".

4. THE FIRST WORKING POINT ON THE WEOC AGENDA WAS TRANSPORTATION,
WHICH ALL PARTICIPANTS, ACCEPTED AS THE MOST IMPORTANT ISSUE
TO BE CONSIDERED. THE HONORABLE JEAN MARCHAND, FEDERAL MINISTER
OF TRANSPORT, PRESENTED THE CANADIAN GOVERNMENT POSITION AND
ENLARGED ON THE CONTENTS OF THE FEDERAL POSITION PAPER ON
THAT SUBJECT. HE SAID FEDERAL GOVERNMENT INTENDS TO RESPOND
NOT ONLY TO ISSUES ENUMERATED IN THE PROVINCIAL PAPER, BUT
TO EFFECTIVELY INCLUDE WESTERN ASPIRATIONS IN NATIONAL
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TRANSPORTATION POLICY. HE SAID AS FIRST STEP THE FEDERAL
GOVERNMENT WAS WILLING TO DISCUSS WITH THE RAILWAYS THE NEED
TO REFRAIN FROM ANY NEW FREIGHT RATE INCREASES ON THE SO-
CALLED ACROSS THE BOARD ITEMS FOR NEXT 18 MONTHS, AND THAT
THE CANADIAN TRANSPORT COMMISSION HAD BEEN REQUESTED TO
EXAMINE A CERTAIN NUMBER OF RATES SPECIFICALLY OF CONCERN
TO THE WESTERN PROVINCES. THE MINISTER SAID HE FELT IT WAS
NOT RPT NOT NECESSARY TO AMEND NATIONAL TRANSPORT ACT,
AS SUGGESTED BY WEST, IN ORDER TO PRESENT REGIONAL DEVELOPMENT
AS A BASIC OBJECTIVE OF NATIONAL TRANSPORTATION POLICY. ON
SUBJECT OF REASONABLE COST DISCLOSURE HE STATED FEDERAL
GOVERNMENT PREPARED TO ACHIEVE THIS UNDER EXISTING ACT.

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

5. MARCHAND STATEMENTS RESULTED IN SHARP QUESTIONING BY ALL PREMIERS, WITH PRIME MINISTER TRUDEAU AND MINISTER LANG RISING TO SUPPORT THE MARCHAND PAPER. LOUGHEED, IN PARTICULAR, PRESSED FOR MORE SPECIFIC CHANGES BY FEDERAL GOVERNMENT, WITH MARCHAND OBVIOUSLY PREFERRING TO LEAVE THE ISSUE OF WESTERN NEEDS AND NATIONAL TRANSPORT POLICY IN MORE GENERAL STATUS WHILE PROMISING FUTHER DISCUSSIONS ON SUBJECT AND ASSURING PROVINCIAL PARTICIPANTS THAT ANY CHANGES AGREED UPON AS NECESSARY COULD BE FULFILLED UNDER EXISTING LEGISLATION.

6. ON THE PROBLEM OF COST DISCLOSURE, THE PREMIERS ARGUED FORCEFULLY THAT TO EVALUATE THE PRESENT RATE STRUCTURES IN THE FIELD OF TRANSPORTATION REQUIRES FULL PUBLIC DISCLOSURE OF ALL PERTINENT COSTS. BOTH MARCHAND AND TRUDEAU SAID THE FEDERAL GOVERNMENT WOULD BE WILLING TO RELEASE SUCH INFORMATION ON CASES UNDER CONSIDERATION. PREMIER LOUGHEED CONTENDED THAT THE FEDERAL GOVERNMENT SHOULD NOT TURN ASIDE "THE VERY LEGITIMATE REQUEST FOR SUCH INFORMATION FROM RAILWAYS ON ALL PRODUCTS CARRIED BY THEM". A COMPROMISE WAS REACHED WHEREBY THE FEDERAL GOVERNMENT WOULD GIVE TO THE PROVINCIAL AUTHORITIES ANY PERTINENT DATA IT HAS ON FREIGHT RATES AND WOULD REQUEST FURTHER INFORMATION FROM THE CANADIAN TRANSPORT COMMISION IF REQUIRED BY THE PROVINCES. SUCH INFORMATION, HOWEVER, WOULD BE MADE AVAILABLE NOT RPT NOT ON A PUBLIC BASIS BUT ON A CONFIDENTIAL BASIS BETWEEN FEDERAL AND PROVINCIAL AUTHORITIES.

7. IT WAS AGREED THAT A PROVINCIAL-FEDERAL GOVENMENT TRANSPORT
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COMMMITTEE WOULD BE USEFUL AND THAT SUCH A COMMITTEE SHOULD REPORT BOTH TO THE FEDERAL MINISTER OF TRANSPORT AND TO THE PROVINCIAL PREMIERS. ALBERTA TOOK THE INITIATIVE IN PRESENTING TO THE CONFERENCE ITS PROPOSAL FOR A NEW EQUITABLE PRICING FORMULA TO BE USED IN THE DETERMINATION OF TRANSPORT RATES. AS PRESENTED BY MINISTER OF INDUSTRY FRED PEACOCK, THE ALBERTAN PROPOSAL IS BASES ON (A) THE FEDERAL GOVERNMENT WOULD SUPPORT THE RAILWAY INFRASTRUCTURE TO THE SAME DEGREE AS IT SUPPORTS THE INFRASTRUCTURES OF THE RAIWAYS AND WATERWAYS, AND (B) THE LOWEST EXISTING RAIL RATE PUBLUSHED BY THE RAILWAYS WOULD BE EMPLOYED AS THE RATE BASIS FOR ALL SHIPPERS. IT WAS AGREED THAT THIS PROPOSAL WOULD BE STUDIED IN DETAIL BY APPROPRIATE PROVINCIAL AND FEDERAL AUTHORITIES. ON THE PROBLEM OF POSSIBLE ACQUISITON OF CANADIAN RAILWOAD BEDS AND RIGHT-OF-WAYS, FEDERAL PARTICIPANTS FELT THIS WOULD HAVE TO BE EXAMINED CLOSELY INASMUCH AS THE COST COULD BE IN THE AREA OF $3 BILLION.

8. AT THE CONCLUSION OF THE FIRST SESSION, THE PROVINCIAL PREMIERS CHIDED THE FEDERAL GOVERNMENT ON THE LATTERS'S "FAILURE TO PRESENT A MORE DEFINITIVE PROGRAM IN THE IMPORTANT FIELD OF TRANSPORT". PREMIER LOUGHEED, IN PARTICULAR, NEEDLED THE FEDERAL GOVERNMENT BY SAYING IT HAD REALLY NOT RPT NOT

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DISPLAYED ANY INITIATIVE IN PRESENTING A NEW TRANSPORT PROGRAM PARTICULARLY IN THE OVERALL IMPORTANT AREA OF FREIGHT RATES. MINISTER MARCHAND REPLIED THAT THE FEDERAL GOVERNMENT HAD AGREED TO EXAMINE EXISTING FREIGHT RATES AND TO DO EVERYTHING IT COULD TO REMOVE ANY EXISTING DISCRIMINATIONS AGAINST WESTERN CANADA. HE CONCLUDED BY SAYING THAT, IN ADDITION, THE FEDERAL GOVERNMENT SUPPORTED THE PROPOSED PROVINCIAL-FEDERAL GOVERNMENT TRANSPORT COMMITTEE, THE IMPROVEMENT OF PRINCE RUPERT AND CHURCHILL AS TRANSPORTATION CENTERS AND GAVE FULL RECOGNITION TO THE FACT THAT WESTERN CANADA HAD CERTAIN REGIONAL PROBLEMS THAT REQUIRED PROMPT AND EFFECTIVE EXAMINATION. THE INITIATIVE IN THE OPENING SESSION APPEARED TO BE FAIRLY EQUALLY DIVIDED BETWEEN PROVINCIAL AND FEDERAL AUTHORITIES WITH PERHAPS A SLIGHT EDGE GOING TO THE FORMER BECAUSE OF THE PREMIERS' ABILITY TO PRESS FOR CORRECTION OF SPECIFIC TRANSPORTATION DIFFICULTIES AND THE PRESENTATION OF ALBERTA' NEW TRANSPORT PROGRAM.

9. COPIES OF THE INTRODUCTORY COMMENTS MADE BY PRIME MINISTER TRUDEAU, THE PREMIERS, MINISTER MARCHAND, AND ALBERTA
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MINISTER PEACOCK'S NEW TRANSPORTATION PROGRAM ARE BEING SUBMITTED UNDER SEPARATE COVER.

10. CONFERENCE PARTICIPANTS AGREED TO DEVOTE WEDNESDAY TO DISCUSSION OF ECONOMIC AND INDUSTRIAL DEVELOPMENT OPPORTUNITIES, LEAVING CAPITAL FINANCING AND AGRICULTURAL ISSUES FOR CONSIDERATION ON THURSDAY.
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